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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

Brookmead Partners, LP, a Nevada Limited Partnership Plaintiff, vs. Interinsurance Exchange of the Automobile Club, a California business entity; Saracia L.P. Shannahan; William P. Shannahan; and Higgs, Fletcher & Mack, LLP, a California business entity. Defendants.	CASE NO.: 08 CV-659-JLS (WMC) **INTERINSURANCE EXCHANGE OF THE AUTOMOBILE CLUB'S ANSWER TO BROOKMEAD PARTNERS, LP'S FIRST AMENDED COMPLAINT FOR DECLARATORY RELIEF** DATE ACTION FILED: April 11, 2008 TRIAL DATE: None set

Defendant and cross-defendant Interinsurance Exchange of the Automobile Club (the "Exchange") submits the following answer and affirmative defenses to the first amended complaint for declaratory relief filed by plaintiff, Brookmead Partners, LP ("Brookmead").

ANSWER

1. The Exchange is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 1.

2. The Exchange is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 2.

3. The Exchange admits the allegations in paragraph 3.

4. Based upon information and belief, the Exchange admits the allegations in paragraph 4.

5. Based upon information and belief, the Exchange admits the allegation in paragraph 5.

6. Based upon information and belief, the Exchange admits the allegation in paragraph 6.

7. The Exchange is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 7.

8. The Exchange is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 8.

9. The Exchange is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 9.

10. The Exchange is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 10.

11. The Exchange is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 11.

12. The Exchange admits the allegations in paragraph 12.

13. Based upon information and belief, the Exchange admits that William Shannahan and the Shannahans' son were living at the residence located at 2677 Brookmead Lane, La Jolla, California, at the time of a fire that occurred on December 15, 2007. The Exchange is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 13.

14. The Exchange is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 14.

15. The Exchange is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 15.

16. The Exchange is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 16.

17. The Exchange is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 17.

18. The Exchange is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 18.

19. The Exchange admits that in November, 2007, the policy was renewed. The stated limits of liability were: Coverage A [Dwelling] $892,000; Coverage B [Other Structures] $89,200; Coverage C [Personal Property] $669,000; and Loss of Use was 20% of Coverage A, or $178,400.

20. The Exchange admits the allegations in paragraph 20.

21. The Exchange admits the allegations in paragraph 21.

22. The Exchange denies all of the allegations in paragraph 22.

23. The Exchange is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 23.

24. The Exchange is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 24.

25. The Exchange is without knowledge or information sufficient to form a belief as to the truth of the allegation that the plaintiff is the owner of the Brookmead property. The Exchange denies all remaining allegations in paragraph 25.

26. The Exchange admits the allegations in paragraph 26.

27. The Exchange admits that on March 25, 2008, it issued a check in the amount of $957,525.23, made payable to both William Shannahan and Saracia Shannahan, and provided the check to William Shannahan. The Exchange further admits that the check represented payment to both William and Saracia Shannahan for the Dwelling, Other Structures, and Debris removal. The Exchange denies all remaining allegations in paragraph 27.

28. The Exchange admits that pursuant to Saracia Shannahan's request, it placed a stop payment on the check made payable to William and Saracia Shannahan. The Exchange denies all remaining allegations in paragraph 28.

29. The Exchange admits that on May 23, 2008, pursuant to an Order issued by Thomas Ashworth, III, Judge Retired/J.A.M.S. dated April 14, 2008, the Exchange issued a check in the amount of $957,525.23, made payable to the law firm of Higgs, Fletcher & Mack, LLP for deposit into an interest bearing account pending further orders of the family court. The check represented payment to both William and Saracia Shannahan for the Dwelling, Other Structures, and Debris removal.

30. The Exchange is without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 30.

31. There are no new allegations in paragraph 31, but to the extent there are, the Exchange incorporates each and every response as indicated above.

32. The Exchange admits that there is a dispute regarding the right to and dispersal of the funds issued by the Exchange to the law firm of Higgs, Fletcher and Mack representing payment to both William and Saracia Shannahan for the Dwelling, Other Structures, and Debris removal. The Exchange is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 32.

AFFIRMATIVE DEFENSES

FIRST AFFIRMATIVE DEFENSE

(Failure to State a Claim for Relief)

1. Brookmead's first amended complaint, and each claim for relief contained therein, fails to state facts sufficient to state a claim against the Exchange.

SECOND AFFIRMATIVE DEFENSE

(Insurable Interest)

2. Brookmead did not have an interest in the Brookmead property when the insurance took effect, as required by California Insurance Code section 286.

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THIRD AFFIRMATIVE DEFENSE

(Brookmead Not an Insured)

3. Even if Brookmead had an insurable interest, Brookmead is not, and never has been, an insured on the policy.

FOURTH AFFIRMATIVE DEFENSE

(The Exchange Acted in Good Faith)

4. The Exchange acted in good faith in accordance with the terms and conditions of the policy of insurance issued to William and Saracia Shannahan.

FIFTH AFFIRMATIVE DEFENSE

(The Exchange's Conduct Consistent With Policy's Terms and Conditions)

5. Each and every act done or statement made by the Exchange and its officers, employees or agents with reference to the matters at issue were made pursuant to and consistent with the terms of the insurance policy issued by the Exchange.

SIXTH AFFIRMATIVE DEFENSE

(Genuine Dispute)

6. At all times, a genuine dispute has existed regarding the extent of the Exchange's liability.

WHEREFORE, the Exchange prays for judgment as follows:

1. That Brookmead take nothing by reason of its first amended complaint;
2. For attorneys' fees and costs of suit; and
3. For such other and further relief as the Court deems just and proper.

DATED: July 10, 2008. SMITH SMITH & FEELEY LLP

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CERTIFICATE OF SERVICE

IT IS HEREBY CERTIFIED that service of the foregoing document entitled Interinsurance Exchange of the Automobile Club's Answer to Brookmead Partners, LP's First Amended Complaint for Declaratory Relief has been made this 10th day of July, 2008, via the court's CM/ECF system to:

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DATED: July 10, 2008.

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